



***Michigan Production Capital***

*215 S. Washington Sq., Ste. 220 - Lansing, Michigan – 48933*

*(phone) 517-574-4467*

*[www.filmproductioncapital.com](http://www.filmproductioncapital.com)* *[info@filmproductioncapital.com](mailto:info@filmproductioncapital.com)*

Representative Kate Ebli  
Chair, Tax Policy Committee  
**Sent Via Email**

November 17, 2009

**RE: Proposed Amendments to the Michigan Film Incentive Program**

Dear Representative Ebli:

The purpose of this correspondence is to address the proposed legislation to alter Michigan's film incentive program ("the Program"). I am an East Lansing native that had the opportunity to return to Michigan as a result of the passage of the Program last year. I attended Michigan State University for my undergraduate studies and law school, leaving the State in 2003 to undertake an appointment as a United States Foreign Service Officer with the Department of State serving abroad at U.S. Embassies. I later accepted a job offer with a law firm in Baltimore, Maryland until undertaking my current position as Vice President of Film Production Capital to oversee their new Michigan division, Michigan Production Capital ("MPC").

Film Production Capital is the largest purchaser/financier of entertainment tax credits in the country specializing in independent productions. Shortly after the passage of the Program, MPC secured financing deals for three feature films that have been produced in Michigan including *The Steam Experiment*, a psycho-thriller starring Val Kilmer filmed in Grand Rapids, *Demoted*, a comedy starring Sean Astin and David Cross filmed in Metro Detroit, as well as *High School*, another comedy starring Adrien Brody and Michael Chiklis, which filmed in Howell. Film Production Capital has played a key role in the successful introduction and sustainability of the entertainment industry in Louisiana, and has also recently opened another division in Georgia. In 2008, MPC provided over \$6 million in tax credit-based financing to productions in Michigan, representing aggregate production budgets of approximately \$40 million. In 2009, we provided financing for *Stone* starring Robert DeNiro, which was filmed in the Ann Arbor area and we are in the process of closing another financing arrangement this week representing aggregate budgets of nearly \$50 million. For 2009, assuming the Program retains its current structure, we aim to double that amount, working with two of the production companies we have previously worked with in Michigan, among others.

MPC has developed an internship program to give local university students and Michigan resident students attending out-of-state schools an opportunity to gain hands-on experience in the entertainment industry. We have hired a total of six college interns over the course of the last year from Michigan State University and a Lansing native from the University of Southern California.

It has been difficult to see the effects of Michigan's struggling economy on my friends, a good number of whom have been forced to move out-of-state in the last two years. My hope is that now I'll have an opportunity to help jump-start a new component of Michigan's economy. Simply put, if it was not for the Program and the way that it is currently structured, I would never have had the opportunity to return to Michigan, and my company would have never opened an office here.

That being said, any of the proposed changes to the film incentive in Michigan would not only immediately force our company to close its Michigan office, it would effectively destroy the viability the film industry within the State. For instance, with an annual cap, no matter how it is administered, you remove the element of predictability for production companies. Sourcing financing for a production can take many months, if not years, by which time a state's annual limitation could be exhausted. If a production company cannot accurately estimate the cost of a production, its financing base, or the amount of the potential credit, then there is essentially very little incentive to film in that particular state.

Any of the other proposed changes in the legislation would be particularly devastating to Michigan as the current program has not yet had enough of a chance to foster the growth of a crew-base or infrastructure projects. Consequently, the current proposed legislation does nothing more than threaten to halt and reverse the considerable progress Michigan has made in incorporating this new industry into its fragile economy over the last year.

Thank you in advance for your time and consideration. As a long-time Michigan resident that has now had the opportunity to reestablish my family back in the Lansing area, I respectfully request that you and the committee members recognize the implications of any such change in the law which would do nothing more than deal a devastating blow to a promising industry still in its infancy in Michigan.

Kindest regards,

**John D. Bails**  
Vice President

CC: Eric Esch, Clerk      Rep. Meltzer  
Rep. Melton      Rep. Stamas  
Rep. Barnett      Rep. Walsh  
Rep. Coulouris  
Rep. Jones  
Rep. Kandrevas  
Rep. Lipton  
Rep. Mayes  
Rep. Slezak  
Rep. Warren  
Rep. Calley  
Rep. Kowall  
Rep. Lund  
Rep. Meekhof